

Financing Local Employment: An Overview of Two Studies

Presentation by
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1. Introduction

- Freelance consultant specialising in Economics & Regeneration
- Provide an overview of two studies
 - ESF and Local Employment Initiatives, 2011
 - Supply & Demand of Social Finance, 2012



2. ESF and Local Employment Initiatives

- Funded by DG Employment
- European-wide study looking for evidence of how ESF had been used creatively to support LEIs

- UK had moved on and was taking a strategic approach, intermediaries involved at regional/ sub-regional level

- Had to step back in time...
 - Merseyside Obj1 (Network for Europe involved)
 - Strathclyde European Partnership
 - EQUAL

- In 2011, England ESF was less focused on the local than other countries



- Community-led development alive and well across Europe
- ESF being used to support community-level projects, groups and social enterprise

- Economic crisis and greater impetus for support to reach communities
 - Training programmes in Berlin
 - Social enterprise programmes in France
 - Employment Pacts in Austria

- DG Employment fighting internal battle to secure more resources for community-led development in 2014/20...
 - ...Local Development

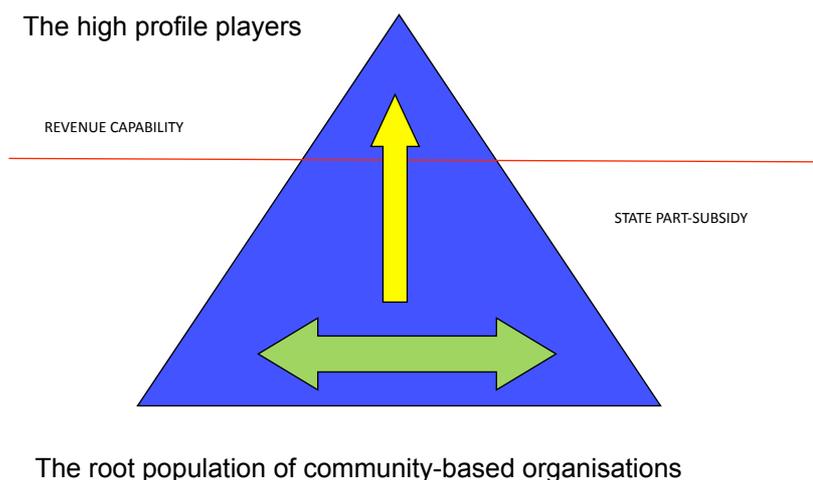


3. Social Finance

- Culture shift from funding to finance
- New financial mechanisms evolving as suppliers shift to satisfy demand in the third sector
- Dominated by London
- Financial perspective doesn't always understand third sector models so finance not being taken up
- Financial products:
 - Pre-finance support
 - Micro finance (sub£50,000)
 - Loans and soft loans (CDFIs)
 - Philanthropy and hybrid philanthropy capital
 - Equity and quasi-equity



The Social Economy Iceberg – courtesy of Prof Peter Lloyd



A Big Issue (adapted from NESTA 2011)

“Is our role to help social enterprises and charities to access capital, in order for them to be able to deliver greater social impact? Or is it to invest for financial returns?”

If it is the former, the consequences of this role is that a significant investment providing non-commercial capital will be needed.

If we do not allow for this and prioritise commercial returns, we will fail to support those that we are here to support, and displace capital investments that would otherwise have been provided by a commercial investor.”

Sector to face £3.6 Billion cuts up to 2016
Social Finance may grow in importance



4. Summary

- Local development, local employment still regarded well across Europe.
- Current crisis reinforces its importance
- Some potential (but no guarantee) that ESF may provide some funding opportunities 2014/20

- Social finance continues to gain momentum
- London hub may develop regional outputs
- Space between supply and demand is hindering take-up and use at present
- Investment Readiness and financial training may be needed



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